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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

T1, 2019/ 2020

BCB7094 CONSUMER BEHAVIOUR

(MBA Full Time)

2 OCT 2019

9.00 a.m – 12.00 p.m

(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consist of **FOUR (4)** pages (including the cover page).
2. Section A : Answer **ALL** questions.
Section B : Answer any **TWO (2)** questions only.
3. Marks are shown at the end of each question.
4. The total marks for this paper is 100.
5. Write all your answers in the Answer Booklet provided.

SECTION A

A visit to the Lush store is pure indulgence for the senses, and that's exactly what the store and its planners want its customers to expect, feel and remember – a rich experience that leaves the senses and the mind invigorated. Lush manufactures a range of cosmetics including soaps, bathing foams, bath oils, creams, moisturizers, massage bars, cleansers, makeup, perfumes and deodorants. The company was established in 1994 in Poole, in the United Kingdom, to provide cosmetics that are fresh, natural and fun. Today Lush has 130 shops in 50 countries around the world and firmly adheres to its original philosophy. Lush was ranked as the fourth-best company in the United Kingdom for Customer Experience Excellence in 2014, while its closest competitor Body Shop was in 38th place.

Lush is passionate about being fresh and organic, and this passion drives the company. Their products are made from the freshest organic fruits and vegetables, the finest essential oils, and safe synthesis. Their goal is clear and simple; they want to offer the freshest products. This commitment attracts the natural customer community and plays a vital role in how the company is perceived by its target customers. The company's appeal is further bolstered by a no-animal testing policy, environmentally friendly packaging and labelling, helpful and friendly staff, and a unique store design and ambiance.

The Lush experience starts even before one enters the shop. The exotic, natural fragrances of Lush can be taken in from a distance, and shoppers are naturally drawn to the store. Once inside, all senses come alive within a few seconds. The colourful, unwrapped products are displayed like food on market stalls. The soaps are sold as chunky blocks that look like cheese, the Bath bombs are piled up like fruit, the face masks are kept in cold pots in salad-bar type tables, and butter cream is arranged like cake. The unusual forms of the products and the creative stocking style grab the customer's attention, and their enchanting scents drives the consumer to look even further. The overall ambiance of the store is attractive and comfortable, with the walls and lighting creating a warm effect. The furniture is made of natural wood, and the flooring is done with natural stone that creates a very fitting environment for the fresh, natural products. The sounds in the store are a combination of background music and a market-type buzz created by the salespeople's active interaction and engagement with customers.

The location of Lush stores is mostly near high-end fashion stores, enabling them to target the latter's high-end customers and communicate a premium image. Lush hires and trains energetic and happy people who interact with the customers as if they are talking to their friends, showing them the things they love and encouraging them to touch the unwrapped products and smell them, the salespersons offer free skin and hair consultations and invite customers for a live demonstration or even a hand massage.

Lush carefully selects the words it uses on its labels, packages, store signage, Web sites, and advertising. The words "fresh", "natural", and "handmade" are used extensively. Labelling contains names of natural ingredients like chocolate, olives, sugar, cinnamon, coconut oil and honey. The choice of words in different communications is creative, and this adds to its fun and green image.

ANSWER BOTH QUESTIONS 1 AND 2**QUESTION 1**

Based on your understanding of the sensory system, discuss how Lush uses **FOUR (4)** relevant sensory marketing for its products and encourages its customers to process information.

(Total: 30 Marks)

QUESTION 2

Are the decisions of Lush's consumers driven by a rational appeal that uses the message of ethical, organic, fresh and healthy products, or is it influenced by the emotional appeal based on the pleasurable multi-sensory experience they encounter in the stores? Provide a relevant example in the context of Malaysia.

(Total: 30 Marks)

Continued...

SECTION B**ANSWER ANY 2 QUESTIONS ONLY****QUESTION 3**

An individual who purchases products and services from the market for his/her own personal consumption is called as consumer. A consumer normally needs to go through a series of stages that results in the selection of one product over competing options.

Choose any Fast Moving Consumer Good (FMCG) product, and discuss all **FIVE (5)** stages in Consumer Decision Making.

(Total: 20 Marks)

QUESTION 4

Some researchers claim that product placement helps consumers to make decisions because consumers are then familiar with the brands when they shop. However, others say that placements can be a negative influence on consumer decisions if they do not seem to fit within the TV series flow.

Do you agree or disagree that product placement is a good choice for marketers? Choose a side, discuss and justify your **FOUR (4)** points of view. Include examples where relevant.

(Total: 20 Marks)

QUESTION 5

The growth of Malaysian consumers making online purchases using mobile phone is encouraging. iPay88 statistics show that the total transactions generated by mobile commerce has grown significantly by 148.9 per cent from 3.7 million in 2015 to 9.3 million in 2016. As for the year 2017, revenue in the e-commerce market amounts to US\$1,076 million. However, there are 255 malls in the Klang Valley alone and 14 more are set to open this year (The Malaysian Insight, 2017). This shows that Malaysians are still buying products in retail stores.

Explain any **FOUR (4)** benefits that traditional retail stores provide that e-commerce cannot provide to consumers.

(Total: 20 Marks)

End of Paper

